

MINUTES OF MEETING OF THE CORPORATIONS COMMITTEE
Friday, July 13, 2007

A regular meeting of the Corporations Committee (the “Committee”) of the Business Law Section of the State Bar of California was held by videoconference in Los Angeles, California at Manatt, Phelps & Phillips, LLP, and in San Francisco, California at Covington & Burling LLP on Friday, July 13, 2007. Attendance was as follows:

MEMBERS PRESENT:

W. Derrick Britt*
Nelson Crandall
Bruce Deming
Samuel C. Dibble
Michael J. Froch
Steve Harmon
Peter Heinecke
Barbara Mathews
Mike Occhiolini
Lemoine Skinner, III
Rose Sorensen*
Jennifer Sostrin
Steven Stokdyk
James J. Thompson
Peter Wardle
Suzanne Weakley
Russ Wood

MEMBERS ABSENT:

Edward A. Deibert
Christopher Delfino
Sharon R. Flanagan
Matthew Gemello
Nina Hong
Brian Lebrecht
Deborah Rousch
William R. Sawyers

LIAISONS AND GUESTS PRESENT:

Colleen Monahan – Department of Corporations*

*Via Telephone

The minutes summarize discussion primarily in the order items were listed on the Agenda for the meeting previously circulated to members of the Committee, which is not necessarily the order in which the items were actually taken up at the meeting. The Committee did not take up those topics listed on the Agenda that are not described in these minutes.

I. ADMINISTRATIVE MATTERS

1. Opening Remarks: The meeting was called to order by Co-Chairs Deming and Wood at 9:30. All members, liaisons and guests introduced themselves.

2. Approval of minutes: None. Deming and Wood to provide Sostrin with notes and attendance list from May and June meetings.

3. Update Corporate Law Departments: Discussion regarding new standing subcommittee of the Corporations Committee to be designated as the Corporate Law Departments Subcommittee. Existing Corporate Law Departments Committee to be dissolved.

II. AGENCY AND LIAISON'S REPORTS

1. Securities and Exchange Commission: No report.

2. NASD: No report.

3. Department of Corporations: Ms. Monahan reported. Monday, July 9, compensatory benefit plan rules became effective. Discussion regarding rulemaking for non-traditional mortgage loans, proposed changes to franchise regulations and investment advisor regulations which are currently in process.

4. Secretary of State: No report.

5. Office of Governmental Affairs: No report.

6. BLS Committee liaison reports: No report.

A. ADR: No report.

B. Corporate Law Departments: See I.3 above.

C. Cyberspace Law: Mr. Thompson reported on new amendment concerning the Spy Act which would prohibit spyware programs among other matters. At such meeting, a lengthy discussion ensued regarding caselaw concerning privacy and security issues, as well as other cyberspace laws.

D. Financial Institutions: Mr. Occhiolini reported on the prior meeting.

E. Non-Profit Corporations: No report.

F. Partnerships and LLCs: No report.

G. UCC: No report.

H. Executive Committee: No report.

III. SUBCOMMITTEE REPORTS

1. Legislation: Mr. Harmon reported.

A. ALP re Close Corps: Pending.

B. ALP re Section 1101: Corporations Committee approved ALP during May 2007 meeting, which proposal was submitted to Executive Committee for your review. Certain comments received from legislative subcommittee of Executive Committee – concerns expressed that bill unlikely to pass in legislature, and as such, the legislative subcommittee recommended (among other recommendations) to modify the proposal to maintain some form of supermajority requirement to protect minority shareholders.

C. New Legislation Update:

(i) AB 251: Concerns corporate distributions. Corporations Committee previously issued a comment letter opposing this bill. Although this bill failed passage at Senate Banking, Finance & Insurance hearing on June 20, 2007, reconsideration was ultimately granted.

(ii) SB 294 Corporate Disclosure Act: Mr. Harmon and Mr. Deming reported. Concerns corporate disclosure statements. 2-year bill; no change in status. A hearing to occur early next year. Mr. Deming prepared draft e-bulletin in an effort to solicit additional input in support of such bill.

(iii) Others: Mr. Deming reported on SB 771 which was not passed.

2. Communications/ Website:

A. E-Bulletin Topics: Mr. Wood commenced discussion on Mr. Delfino's behalf.

(i) Misleading Minute Service (postponed pending input from AG's office): Ms. Sorensen handling preparation of the e-bulletin and reported that there is additional movement from AG's office. Possible coordination of AG press release with Corporations Committee e-bulletin.

(ii) Compensatory Benefit Regulations (postponed pending release of final regulations): Mr. Wardle circulated draft of e-bulletin last week and prepared draft of the same.

(iii) Incorporation Handbook: Ms. Weakley reported that e-bulletin was previously sent out.

(iv) SB 294: Discussed above.

B. Website Update: No report.

C. Extranet: Ms. Orloff to move data from existing Fulbright extranet to new collaboration site. Power point presentation prepared for use in training. Training dates proposed – July 25 and July 27.

3. Education /Publications: No report.

(i) Programs:

(ii) September 2007 Annual Meeting:

(iii) Publications/BLN Article:

(iv) M&A Topic:

4. Litigation: No report.

IV. ONGOING PROJECTS:

1. Section 2115 Project: No report.

2. Business Entity Name Issues: Mr. Thompson and Ms. Mathews reported. Discussion regarding draft letter in response to Secretary of State's invitation for comments to the proposed Name Availability Regulations. Comments solicited from members of the Corporations Committee.

3. 25102(o) Reform: Mr. Wardle reported that there is nothing further to cover, other than e-bulletin.

4. Privilege Issues:

A. ABA Task Force on Attorney-Client Privilege: Ms. Mathews attended DC meeting. Bill S186 discussed. Task Force is looking for stories regarding abusive practices by DOJ and otherwise. On the audit side, proposed white paper with guidelines that would form the basis of future discussions with accounting profession.

B. Letter re FRE 502(c): No report.

C. Office of Rural Legal Assistance: No report.

5. Venture Capital Opinion Project: No report.

V. New Business: Mr. Wood noted that we will discuss the opinion project at the next meeting. Mr. Wood recommended that members review the pertinent materials posted to the extranet by Mr. Gemello.

Respectfully Submitted,

J. Sostrin, Secretary

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